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UNIVERSITY OF MAINE SYSTEM

PENSION FUND ANNUAL REPORT

JUNE 30, 2004



*Maine's
Public
Universities*

UNIVERSITY OF MAINE SYSTEM

OFFICE OF FINANCE AND TREASURER

DEFINED BENEFIT PENSION FUND ANNUAL REPORT

FY2004 PERFORMANCE

The Non-Contributory Pension Fund (Pension Plan) ended 6/30/04 with a market value of approximately \$59.3 million, experiencing a total fund gain of 15.3% (gross of fees) for the fiscal year ending June 30, 2004.

The equity markets rose significantly in FY04. The S&P 500 Index increased 19.1%, the Russell 1000 Growth Index increased 17.9%, the Russell 1000 Value Index rose 21.1%, and international stocks vaulted to a 31.6% return. The equity investment managers all performed well during the year.

The Fixed Income markets struggled in FY04, with the LB Aggregate Index returning only .3%.

Attachment I reports the total returns for the fund on a gross of fees basis and the fund's growth for the past 5 years, as well as the asset allocation for the fiscal years ended June 30, 2003-2004.

The Defined Benefit Pension Plan is well diversified amongst a number of asset classes and was managed by seven investment managers at fiscal year-end.

PENSION PLAN ADMINISTRATION

Below is a table of participants in this plan as of July 1, 2003:

Active Participants ¹	234
LTD Participants	48
Retired Participants ²	839
Terminated Vested Participants ³	<u>451</u>
Total Participants	1,572

No new classified employees are entering this plan. New classified employees participate in the Defined Contribution Plan.

NOTES

¹Those who were over age 50 on July 1, 1998 and elected to stay in plan.

²Annual retiree benefits are \$3.1 million.

³About 200 were active as of July 1, 1998 but froze their benefit and elected out of the plan.

Attachment I

UNIVERSITY OF ILLINOIS SYSTEM DEFINED BENEFIT PENSION PLAN AS OF JUNE 30, 2004

The following tables present the Defined Benefit Pension Plan's asset allocation for the fiscal years ended June 30, 2003 and June 30, 2004, the total return figures gross of fees for the past five years, and the trend in the pension plan's market value.

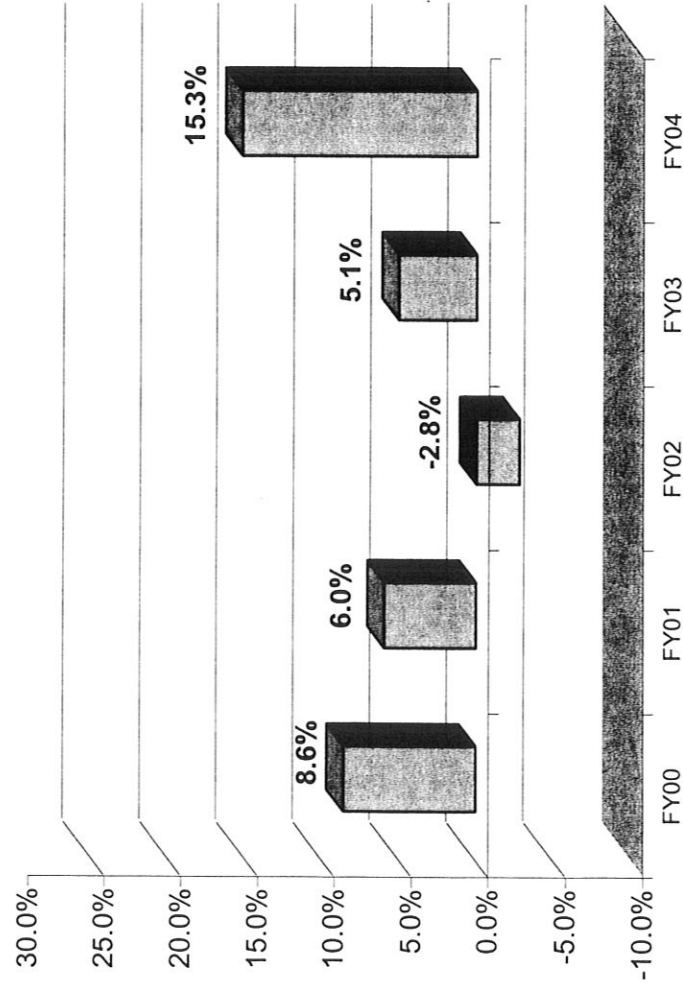
June 30, 2003

Total Pension Plan Assets: \$55,513 (000's)		
	\$	% of Total
Domestic Equities	21,892	39%
Int'l Equities	7,173	13%
Fixed Income	22,589	41%
Market Neutral	3,856	7%
Cash	3	0%
Total	\$ 55,513	100%

June 30, 2004

Total Pension Plan Assets: \$59,308 (000's)		
	\$	% of Total
Domestic Equities	24,728	42%
Int'l Equities	9,395	16%
Fixed Income	19,685	33%
Market Neutral	5,235	9%
Cash	265	0%
Total	\$ 59,308	100%

% Pension Fund Total Returns (Gross of Fees) - Past 5 Years



Fiscal Year-End Pension Fund Market Values (\$ in millions)

